



10755202

1. Type agreement: MINING LEASE & OPTION AGREEMENT (DATED: DEC. 14, 1974)
2. Property owner(s): RAINSFORD & SONS
FIRST AMENDMENT: DECEMBER 13, 1979
3. Project Area/No.: BARITE HILL
Tract Name/No.: _____
4. County: McCormick State: S. C.
5. Acq. Date: _____ Renewal date(s): _____
6. Orig. Pnt(s): _____ for _____ year(s)
7. Rental Payments: Date _____ Amount _____

8. Other Type Pymts (explain): _____

9. Royalties: SEE ATTACHED SHEET FOR SCHEDULE OF PAYMENTS
AMR: \$ _____ Year begins (_____) (19 _____)
Remarks:
Production Royalty: _____ Standard 5 percent
_____ Standard 2-10 percent
_____ Other (explain) _____
IF OPTION TO PURCHASE NOT EXECUTED A ROYALTY OF 3% NSR

10. Drill Hole Pymts/Hole: _____
11. Other Misc. Pymts _____

12. Other Non-Standard Terms (pg/article #): _____
SEC. 5 pg 2 of AMENDMENT - ADVANCE ROYALTY PAYMENTS
SEC. 6 pg 2 of AMENDMENT - OPTION TO PURCHASER #
A.L. SURFACE, MINERALS & IMPROVEMENTS FOR \$512,500
SEC. 5 pg 13 OF ORIGINAL AGREEMENT - DAMAGE PAYMENTS OF \$25 PER DRILL HOLE
13. Legal Authorization: _____
14. Financial Authorization: _____

ACQUISITION DATE: DEC. 14, 1974

1 st ANNIVERSARY	-	DEC. 14, 1975	
10 th	"	- DEC. 14, 1984	
14 th	"	- DEC. 14, 1988	<u>PAYMENTS</u>
15 th	"	- " " 1989	\$ 25,000
16 th	"	- " " 1990	25,000
17 th	"	- " " 1991	25,000
18 th	"	= " " 1992	75,000
19 th	"	= " " 1993	50,000
20 th	"	= " " 1994	50,000
21 st	"	= " " 1995	50,000
22 nd	"	= " " 1996	50,000
23 rd	"	= " " 1997	50,000

ADVANCE ROYALTY PAYMENTS

Purchase Price

MINING LEASE AND OPTION AGREEMENT

THIS AGREEMENT, Made and entered into this 14th day of December, 1974, by and between Rainsford & Sons ~~John Rainsford, Jr.~~ of (SEE 1st Amendment)
the Town And County of Edgefield, State of South Carolina

herein called "Lessor" (whether one or more) and CONTINENTAL OIL COMPANY, a Delaware corporation, herein called "Lessee";

WITNESSETH:

1. Grant of Lease:

That the said Lessor for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt of which is hereby acknowledged, have granted, demised, leased, optioned and let and by these presents do grant, demise, option and lease exclusively unto Lessee, its successors and assigns that certain tract or parcel of land containing 113.4 acres, more or less, and situated in McCormick County, South Carolina, described on Exhibit "A" attached hereto and made a part hereof for all purposes, herein sometimes referred to as "said land", including all pertinent miscellaneous rights along with the exclusive right and privilege to explore for, develop, mine (by open pit, underground, solution mining or any other method) extract, mill, store, remove and market therefrom all minerals, metals, ores and materials of whatsoever nature or sort, hereinafter sometimes called "lease substances," along with the right to use so much of the surface of said tract or parcel of land as may be necessary, useful or convenient for the full enjoyment of all rights herein granted;

2. Term

Unless sooner terminated as hereinafter provided, this lease shall remain in force and effect for a term of five (5) years from the date hereof.

3. Rental

So long as this lease remains in full force and effect, Lessee shall pay to Lessor an annual rental on or before each anniversary of the date of this lease, in advance for the twelve (12) month period beginning on such anniversary date.

The total annual rental due on each anniversary date shall be determined by multiplying the respective per acre payment in the following schedule, by the total number of acres contained in the leased premises:

<u>Anniversary Date</u>	<u>Sum Per Acre</u>
First	\$3.00
Second	\$3.00
Third	\$6.00
Forth	\$6.00

4. Production Royalty

Until Lessee shall have exercised its option to purchase said tract or parcel of land as herein provided, Lessee shall pay to Lessor a production royalty of three percent (3%) of the net smelter or net mill returns, as hereinafter defined, received by Lessee for all leased substances produced and sold from said land.

The term "net smelter or net mill returns" shall mean the purchase price received by the Lessee from the smelter, mill or other purchaser for the product, less the following deductions: (a) all costs deducted by the purchaser as shown on the regular returns; (b) all costs of freight, transportation and haulage; and (c) all taxes attributable to Lessor's interest. In the event the mill, smelter or other processing plant to which the ores or concentrates are delivered shall be owned or operated by Lessee, its subsidiaries, partners or associates, the processing charges of such plant shall not be greater than those of custom smelters or plants for comparable services and the purchase price for purposes of calculating production royalty shall be determined by the amount received by such smelter or other processing plant, less the deductions hereinabove itemized, when the product is sold to an independent buyer not associated or affiliated with Lessee. Production royalty shall be paid to Lessor within 30 days after the end of the calendar quarter in which the product is sold to said independent buyer.

5. Payment for Damages

Lessee agrees to pay Lessor as damages the sum of Twenty-five
Dollars (\$25.00) for each exploratory hole drilled on said land during
the term of this lease. In its performance of operations on said land, Lessee
will comply with all applicable local, state and federal regulations governing
such operations and will conduct its operations in a careful and prudent manner.
Lessee agrees to utilize existing roads and trails on the land whenever possible
in order to utilize the least amount of surface as possible.

6. Option to Purchase

Lessor hereby grants to Lessee the exclusive and irrevocable right
and option anytime during the term of this lease to purchase all of Lessor's
right, title and interest in said land for a purchase price of Two Hundred Twenty
Six Thousand Eight Hundred Dollars/ (\$226,800.00) subject only to a reservation by
Lessor of a production royalty of One and One-Half (1½%) percent of the
net smelter or net mill returns (as defined in Section 4) from the leased
substances produced and sold from said land until the total of all royalty
payments, including those paid under the terms of the lease and prior to the
exercising of this option, together with the purchase price herein agreed to
shall equal a total sum of Five Hundred Thousand Dollars (\$500,000.00).
At the time Lessor has received such total sum, Lessor's reservation of the
production royalty interest shall terminate and become null and void, and Lessor
hereby agrees to convey to Lessee by quitclaim deed all of Lessor's remaining
right, title and interest in and to the minerals that thereafter may be produced
and sold from said tract of land. The Lessee may exercise its option to purchase
by giving Lessor written notice of such exercise. The purchase price shall be
paid in cash, unless otherwise agreed to in writing by the parties, at the time
Lessor delivers to Lessee a duly executed, sufficient and recordable warranty
deed covering the tract or parcel of land described on Exhibit A attached hereto
conveying all of Lessor's right, title, and interest in said lands subject to
the reservation mentioned above; provided, however, that Lessor shall deliver
such deed to Lessee within thirty (30) days after the date of the receipt of
notice of exercise. Lessor shall execute and deliver to Lessee any other

documents and perform such other acts as may be necessary or may be required by Lessee in order to complete the transfer of Lessor's interest in said lands. Thereupon, this agreement shall terminate and be of no further force and effect except as to the mineral reservation hereinabove described.

7. Payments

All payments of rental and production royalty may be made by Lessee to the following person at the following address:

Rainford ESOKIS, a GENERAL PARTNERSHIP
Mr. John Rainford, Jr.
120
P.O. Box 486
Edgefield, South Carolina 29824

JRY
LVR

The above named party shall be responsible for proper distribution of any payment received by him to all of the parties then constituting Lessors. Any such payment so made by Lessee shall constitute full compliance by Lessee with this agreement insofar as such payment is concerned. If for any reason the above named party cannot receive any payment or refuses to receive such payment, Lessee may withhold such payment until Lessee receives written instructions for making such payment signed by all parties then constituting Lessors, or Lessee may make a joint payment to all such parties. The final purchase price payment may also be made to the above named individual unless Lessee has received written instructions to the contrary signed by all parties then constituting Lessors. If an escrow agent has been named as herein provided, the final purchase price payment shall be made to such escrow agent.

8. Title

Lessor represents and warrants to Lessee that Lessor is the sole owner of a good and merchantable title in fee simple to the entire undivided premises, free and clear of all liens or other encumbrances and in the event that Lessee exercises its option to purchase said lands as above provided, said land shall be conveyed to Lessee with the same warranty. Promptly upon Lessee's request, after execution hereof, Lessor agrees to furnish to Lessee all available title materials pertaining to said lands not theretofore furnished to Lessee.

9. Timber Rights

Lessee agrees that Lessor shall retain the right to cut, remove and sell any and all timber on said land during the lease term of this agreement. Lessor shall also have the right to cut, remove and sell all such timber for a period of six months after Lessee exercises its option to purchase said land provided that Lessor's timbering operations do not unreasonably interfere with Lessee's mining operations. At the end of the six month period following Lessee's exercise of said option to purchase, Lessor's right to cut, remove and sell such timber shall expire and all remaining timber shall become the property of Lessee unless otherwise agreed to in writing by the parties prior to the expiration of the six month period.

10. Default

Failure by Lessee to perform or comply with any of the terms, provisions, or conditions of this lease, including payment of rentals or production royalties, shall not automatically terminate this lease nor render it null and void, but in case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of sixty days after receipt of such notice within which to cure such default; provided, further, that the period of time for remedying such default shall be extended when Lessee is prevented from acting because of force majeure, except that force majeure shall not be grounds for extending the time for making any payment of money to Lessor.

11. Taxes

Lessor agrees to pay promptly when due all property taxes levied and assessed upon the property subject hereto and during the term of this lease. Lessee agrees to pay promptly when due all taxes levied and assessed upon any improvements placed by Lessee upon said land. As to any taxes measured by production that are now or may be hereafter levied on the leased substances produced, Lessor shall bear and pay that portion attributable to Lessor's production royalty, if any. If Lessor fails to pay taxes chargeable solely to Lessor when due, Lessee may at its option pay Lessor's taxes and deduct said payment or payments from any payments due or to become due to Lessor hereunder.

12. Removal of Equipment

Lessee shall have the right but not the obligation, within six months after termination of this agreement, to remove all property, fixtures and structures erected or placed by Lessee on said land.

13. Liability and Liens

While this lease is in force and effect, Lessee shall protect and save Lessor harmless from any and all liability for property damage or injury or death of persons arising out of Lessee's operations upon said land. Lessee, in conducting its operations under this lease, shall keep said land free of all liens and encumbrances attributable to Lessee's operations.

14. Inspection of Operations and Records

While this lease is in force and effect, the Lessor or duly authorized representative, shall have the right at all reasonable times when accompanied by a representative of Lessee, to enter upon said land, at Lessor's sole risk, to observe Lessee's operations thereon; provided that, such entry shall not hinder or interrupt the progress of Lessee's work. In addition, while this lease is in force and effect and during the term of the mineral reservation described in Section 6, Lessee shall allow Lessor at all reasonable times to examine Lessee's books and records that relate to the mining, treating and shipping of ores from said land.

15. Dispute or Adverse Claims

In case of suit, adverse claim, dispute or questions as to the ownership of said lands or ownership of any rental or production royalty (or any interest therein) payable to Lessor, Lessee shall not be in default in payment thereof until such suit, claim, dispute or question has been finally disposed of and Lessee shall have sixty days after being furnished with instruments evidencing such settlement within which to make payment.

16. Assignment

The rights of either party hereunder may be assigned in whole or in part, but no change or division in ownership of said lands or right to any payment hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee under this agreement. No such change or division in the ownership of said lands or right to payments shall

be binding upon Lessee until Lessee has been furnished with the necessary instruments or documents evidencing such change.

17. Relinquishment

Lessee may at any time prior to the expiration of the term of this agreement execute and deliver to Lessor, or place of record, a release covering all of said land subject to this agreement and thereby surrender this mineral lease and option as to said land and thereby terminate all obligations to the surrendered land except accrued obligations, if any.

18. Lesser Interest

In the event Lessor owns less than the entire and undivided mineral estate in said land, then the rentals, production royalties, and total purchase price herein provided for shall be proportionately reduced and paid to Lessor only in the proportion which Lessor's interest bears to the entire undivided mineral estate.

19. Notices

Any notice served upon Lessee shall be in writing and service shall be sufficient if such notice shall be deposited in the United States mail, postage prepaid, registered or certified and addressed as follows:

Continental Oil Company
Minerals Department
1755 Glenarm Place
Denver, Colorado 80202

Any notice served upon Lessor shall be in writing and service shall be sufficient if such notice shall be deposited in the United States mail, postage prepaid, registered or certified and addressed as follows:

Mr. John Rainsford, Jr.
P.O. Box 486 120
Edgefield, South Carolina 29824

JP
Q472

Such notice shall serve as notice to all Lessors.

Any party may change its address for notices by notice in writing to the other party.

20. Headings for Convenience

The headings contained herein are for convenience and shall not be considered in construing this agreement.

21. Successors and Assigns

This agreement shall be binding upon the parties hereto and their respective representatives, successors and assigns.

EXECUTED as of the day and year first above set forth.

Signed, sealed and delivered
in the presence of:

<u>Thomas B. Rainsford</u>	<u>John Rainsford</u>
<u>John Rainsford, Jr.</u>	<u>John Rainsford, Jr.</u>

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Signed, sealed and delivered
in the presence of:

<u>Therese Rasmussen</u>
<u>Harry M. Christensen</u>
<u>Jessie H. Christensen</u>

CONTINENTAL OIL COMPANY

By <u>Ludwig W. Koch</u>
Ludwig W. Koch, Attorney in Fact

State of South Carolina)
County of Edgefield) ss.

Personally appeared before me Thomas B. Rainsford (Witness #1), who, being duly sworn, says that he saw the within named John Rainsford, Jr. sign, seal, and as his act and deed, deliver the foregoing instrument, and that he with L. Steve Wagner (Witness #2), witnessed the execution thereof.

(Signed) Thomas B. Rainsford
(Witness #1)

Sworn to before me this 14th day of December, 19 74.
Notary Public for the State of South Carolina
my Commission expires January 26, 1980.

Jack R. Wilcox
Notary Public

State of South Carolina)
County of Edgefield) ss.

I, Jack R. Wilcox, do hereby certify unto all whom it may concern that Lenolia W. Rainsford, wife of the within named John Rainsford, Jr., did this day appear before me, and upon being privately and separately examined by me, did declare that she does freely, voluntarily and without any compulsion, dread or fear of any person or persons whomsoever, renounce, release and forever relinquish unto the within named Continental Oil Company, its successors and assigns, all her interest and estate and also all her right and claim of dower, of, in or to all and singular the premises within mentioned and released.

Lenolia W. Rainsford

Given under my hand and seal this 14th day of December, 19 74.
Jack R. Wilcox, Notary Public for the State of South Carolina, my Commission expires January 26, 1980.

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this 23rd day of December, 19 74, before me, the undersigned Notary Public, personally appeared Ludwig W. Koch, personally known to me to be and who, being by me duly sworn, did say that he is the person who is described in the within and foregoing instrument as Attorney in Fact of Continental Oil Company, a Delaware corporation, and who, as such Attorney in Fact, subscribed, signed and executed said instrument and he duly acknowledged to me that as such Attorney in Fact he subscribed, signed and executed said instrument as his free and voluntary act and deed on behalf of and as the free and voluntary act and deed of said Continental Oil Company, as principal, and for the purposes therein contained and by authority of a resolution of its Board of Directors.

My Commission expires My commission will expire August 22, 1978

Witness my hand and official seal.

Valerie Renstrom
Notary Public (Signature)

Valerie Renstrom
Notary's Name

Denver, Colorado
Notary's Residence

EXHIBIT "A"

Attached to and made a part of that certain -----
----- Mining Lease and Option Agreement dated the 14th
day of December, 1974, by and between John Rainsford, Jr. of
the Town and County of Edgefield, State of South Carolina

and CONTINENTAL OIL COMPANY, covering certain lands in McCormick
County, South Carolina, described as follows:

All of that certain tract or parcel of land, situate,
lying and being in the County of McCormick, State of
South Carolina, containing One hundred thirteen and
four-tenths (113.4) acres, more or less, being the
same tract or parcel of land described by survey plat
recorded in Plat Book 4, page 9, of the records of
the Clerk of Court, McCormick County, South Carolina.
This is also the same tract or parcel of land conveyed
to John Rainsford, Jr., from Allene S. Rainsford by
Deed dated August 24, 1954, and recorded in Deed Book
22, page 16, of the records of the Clerk of Court,
McCormick County, South Carolina.

FIRST AMENDMENT OF MINING
LEASE AND OPTION AGREEMENT

THIS AMENDMENT, made and entered into this 13th day of December, 1979 by and between Rainsford & Sons, a General Partnership, Post Office Box ¹²⁰~~486~~, Edgefield, South Carolina 29824, grantee of John Rainsford, Jr., herein called "Lessor" and Conoco Inc., a Delaware corporation successor by change of name of Continental Oil Company, a Delaware corporation, herein called "Lessee".

WHEREAS, Lessor and Lessee entered into that certain "Mining Lease and Option Agreement" dated December 14, 1974, a Memorandum of which was recorded July 10, 1975 in the records of McCormick County, South Carolina in Book 39 of Deeds page 44, herein called "said mining lease"; and,

WHEREAS, Lessor and Lessee have agreed to extend said mining lease for an additional eighteen (18) years and made other changes as hereinafter set forth;

NOW THEREFORE, in consideration of the covenants set forth below, the parties hereby agree to amend said mining lease in the following manner:

1. Lessee shall deliver to Lessor the sum of twelve thousand five hundred dollars (\$12,500) prior to December 31, 1979.

2. During the month of January, 1980 Lessee shall deliver to Lessor an additional sum of twelve thousand five hundred dollars (\$12,500).

3. Section 2. of said mining lease shall be deleted in its entirety and the following language substituted therefor:

"2. Term.

Unless sooner terminated as hereinafter provided, this lease shall remain in force and effect for a term of twenty-three (23) years from the date hereof."

4. No rentals are due or shall become payable during the extended term of said mining lease.

5. An additional section shall be added to said mining lease to provide for payment of advance royalties and shall read as follows:

"22. Advance Royalty

Lessee shall pay Lessor an annual advance royalty of (a) seven thousand five hundred dollars (\$7,500) on the ninth, tenth, eleventh, twelfth, and thirteenth anniversaries of this lease, (b) twenty five thousand dollars (\$25,000) on the fourteenth, fifteenth, sixteenth, seventeenth and eighteenth anniversaries of this lease, (c) fifty-thousand dollars (\$50,000) on the nineteenth, twentieth, twenty-first, twenty-second and twenty-third anniversaries of this lease. In addition to the above, Lessee shall pay Lessor two separate fifty thousand dollar advance royalty payments on the thirteenth and eighteenth anniversaries of this lease. Lessee may recoup all of the advance royalty payments by taking credit therefore against production royalty payable under section 4. of this lease, regardless of the time such production is obtained and such royalty becomes payable. In the event Lessee exercises the option to purchase said land, all advance royalty paid hereunder shall be credited toward the purchase price of said land as set forth in section 6. of this lease regardless of whether the advance royalty has been credited against production royalty".

6. Section 6. of said mining lease shall be deleted in its entirety and the following language shall be substituted therefore:

"6. Option to Purchase

Lessor hereby grants to Lessee the exclusive and irrevocable right and option anytime during the twenty-three (23) year term of this lease to purchase all of said land including all surface, minerals and improvements for a purchase price of five hundred twelve thousand five hundred dollars (\$512,500). Lessee may exercise its option to purchase by written notice to Lessor of such election. The purchase price shall be in cash with credit given for any prior advance royalty payments. Lessor shall deliver to Lessee a duly executed, sufficient and recordable warranty deed covering said land with no exception or reservation whatsoever. Thereupon, this agreement shall terminate and be of no further force and effect."

7. A sentence shall be added to section 17. of
said mining lease and read as follows:

"Upon delivery to Lessor, or recordation, of
a release of this lease, Lessee shall thereafter
be relieved of any further obligation to make
any payment of advance royalty payable on an
anniversary date following the delivery or
recordation of such release."

EXECUTED and delivered as of the date first above
set forth.

Rainsford & Sons, a General Partnership

By [Signature]
General Partner

Conoco Inc.

By [Signature]
Attorney in Fact

STATE OF SOUTH CAROLINA)
COUNTY OF Richland) ss.

The foregoing instrument was acknowledged before me
this 31st day of December, 19 79, by John Rainsford
[Signature], a General Partner on behalf of Rainsford &
Sons, a General Partnership.

[Signature]
Notary Public

My commission expires:
February 27, 1986

STATE OF COLORADO)
City and) ss.
COUNTY OF DENVER)

On this 19th day of December, 1979,
before me, the undersigned Notary Public, personally appeared
Gordon H. Mubarry, personally known to me to be and who,
being by me duly sworn, did say that he is the person who is
described in the within and foregoing instrument as Attorney
in Fact of CONOCO INC., a Delaware corporation, and who, as
such Attorney in Fact, subscribed, signed, and executed said
instrument and he duly acknowledged to me that as such
Attorney in Fact he subscribed, signed and executed said
instrument as his free and voluntary act and deed on behalf
of and as the free and voluntary act and deed of said CONOCO
INC., as principal, and for the purposes therein contained
and by authority of a resolution of its Board of Directors.

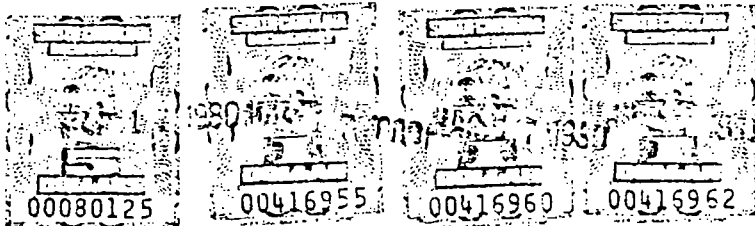
My commission expires August 29, 1982

Witness my hand and official seal.

Valerie Renstrom
Notary Public (Signature)

Valerie Renstrom
Notary's Name (Printed)

Burrage, Colorado
Notary's Residence (Printed)



STATE OF SOUTH CAROLINA
COUNTY OF MCCORMICK

filed for record at 11:00 AM

A.D. 1979 at 9:00 o'clock A.M.

and duly recorded in Book 51

of Deeds page 5

Thomas E. M. C.

Clerk of Court

Ex officio

R M C